No. 17-1594

In the Supreme Court of the United States

RETURN MAIL, INC., PETITIONER

v.

UNITED STATES POSTAL SERVICE, ET AL.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF FOR THE RESPONDENTS

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QUESTION PRESENTED

The Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, created three post-issuance review programs—inter partes review, post-grant review, and covered-business-method (CBM) review—that authorize the United States Patent and Trademark Office to reconsider the validity of an issued patent. A petition for inter partes or post-grant review may be filed by any "person who is not the owner of a patent." 35 U.S.C. 311(a), 321(a). A petition for CBM review may be filed by a "person" who "has been sued for infringement of the patent or has been charged with infringement under that patent." AIA § 18(a)(1)(B), 125 Stat. 330. The question presented is as follows:

Whether a federal agency is a "person" who may petition for post-issuance review proceedings under the AIA.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-56a) is reported at 868 F.3d 1350. The final written decision of the Patent Trial and Appeal Board (Pet. App. 57a-97a) is not published in the United States Patents Quarterly. The decision of the Patent Trial and Appeal Board on institution of covered-business-method review (Pet. App. 98a-139a) is not published in the United States Patents Quarterly but is available at 2014 WL 5339212.

JURISDICTION

The judgment of the court of appeals was entered on August 28, 2017. A petition for rehearing was denied on December 15, 2017 (Pet. App. 140a-141a). On February 28, 2018, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including May 14, 2018, and the petition was filed on that

date. The petition for a writ of certiorari was granted on October 26, 2018. The jurisdiction of this Court rests on 28 U.S.C. 1254(1).

STATUTORY PROVISIONS INVOLVED

Pertinent statutes are reprinted in an appendix to this brief. App., *infra*, 1a-31a.

STATEMENT

A. Legal Background

1. The Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, establishes the framework that governs the issuance of patents for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. 101. Generally speaking, Sections 101-103 establish the basic criteria for determining whether "[a] person shall be entitled to a patent." 35 U.S.C. 102(a). Those criteria include that the patent must claim patentable subject matter, 35 U.S.C. 101; that the invention must be novel, 35 U.S.C. 102 (2012 & Supp. V 2017); that the applicant must be the first inventor to seek a patent for the invention, *ibid.*; and that the invention must be nonobvious, 35 U.S.C. 103.

Once a patent has been issued, "whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States * * * during the term of the patent therefor, infringes the patent." 35 U.S.C. 271(a). "A patentee shall have remedy by civil action for infringement of his patent." 35 U.S.C. 281. Both as innovators and as consumers of technology, federal agencies have long been active participants in this patent system.

a. Over the years, federal agencies have accumulated a substantial patent portfolio. The Department of

Defense and the Defense Advanced Research Projects Agency, for example, invest in and oversee cutting-edge research and development projects for national security. The National Institutes of Health, a component of the Department of Health and Human Services, is a primary source of innovation in medical research. In the past 40 years alone (the period for which patent applications are readily searchable), federal agencies have applied for and obtained more than 2000 patents from the United States Patent and Trademark Office (USPTO). See USPTO, *Patent Full-Text and Image Database*, https://go.usa.gov/xEYju (last visited Jan. 9, 2019).

Federal agencies also obtain patent rights through government-funded third-party research. Until 1980, patent rights in government-funded research were governed by a "melange of 26 different agency policies." H.R. Rep. No. 1307, 96th Cong., 2d Sess. Pt. 1, at 3 (1980) (1980 House Report). In 1980, Congress replaced this patchwork system with a uniform framework, in order to "promote the utilization of inventions arising from federally supported research" and to "ensure that the Government obtains sufficient rights in federally supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions." 35 U.SC. 200 (Supp. IV 1980). In that legislation, Congress defined the circumstances in which a federal agency "may receive title to" inventions made with federal assistance. See 35 U.S.C. 202(c)(1) (Supp. IV 1980).

In the same law, Congress confirmed that each federal agency is authorized to "apply for, obtain, and maintain patents"; to "grant nonexclusive, exclusive, or partially exclusive licenses under federally owned * * * patents"; and to "undertake all other suitable and necessary

steps to protect and administer rights to federally owned inventions." 35 U.S.C. 207 (Supp. IV 1980). Exercising that authority, federal agencies as assignees have obtained tens of thousands of additional patents. See USPTO, *Patent Assignment Search*, https://go.usa.gov/xEYjJ (last visited Jan. 9, 2019). In order to encourage further innovation and research, federal agencies engage in extensive licensing of the patents that they own. See 35 U.S.C. 207(a)(2), 209. The National Aeronautics and Space Administration (NASA), for example, operates an entire program dedicated to licensing its extensive patent portfolio to the public. See NASA, *NASA Technology Transfer Program*, https://technology.nasa.gov/license (last visited Jan. 9, 2019). When individuals or entities practice government-owned inventions without obtaining the proper licenses, federal agencies occasionally enforce their patent rights through litigation. See, *e.g.*, *United States Dep't of Health & Human Servs.* v. *Mylan Pharm. Inc.*, No. 10-5956, 2011 WL 13238650 (D.N.J. July 13, 2011).

b. As a consumer of technology, the federal government also defends against claims of patent infringement. Since 1910, Congress has waived the United States' sovereign immunity and provided a cause of action to a patent owner who alleges that "rights secured to him by a patent had been invaded for the benefit of the United States by one of its officers." *Crozier* v. *Fried. Krupp Aktiengesell-Schaft*, 224 U.S. 290, 303 (1912); see Act of June 25, 1910, ch. 423, 36 Stat. 851. Currently codified at 28 U.S.C. 1498(a), that provision authorizes a patent owner to file suit against the United States in the Court of Federal Claims (CFC) for "reasonable and entire compensation" "[w]henever an invention described in and covered by a patent of the United States is used or

manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same." 28 U.S.C. 1498(a).

A suit against the United States under Section 1498(a) generally proceeds in the same manner as an infringement suit against a private party under Title 35. See *Motorola, Inc.* v. *United States*, 729 F.2d 765, 768 (Fed. Cir. 1984). The same standard for infringement applies as in a private infringement action under 35 U.S.C. 281. See *Lemelson* v. *United States*, 752 F.2d 1538, 1548 (Fed. Cir. 1985). The government generally "may avail itself of any defense that is available to a private party in an infringement action brought under Title 35." *Lamson* v. *United States*, 117 Fed. Cl. 755, 760 (2014). And like a private defendant, the government must prove a patent's invalidity by "clear and convincing evidence," *Microsoft Corp.* v. *i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011), if it raises invalidity as a defense in a Section 1498(a) suit. See *Hitkansut LLC* v. *United States*, 130 Fed. Cl. 353, 368-369 (2017), aff'd, 721 Fed. Appx. 992 (Fed. Cir. 2018) (per curiam).

In suits brought under Section 1498, the United States enjoys certain advantages that are unavailable to private infringement defendants. Most significantly, relief under Section 1498 is limited to "compensation" for the alleged infringement. 28 U.S.C. 1498(a). Injunctive relief is unavailable. See *Leesona Corp.* v. *United States*, 599 F.2d 958, 968 (Ct. Cl.), cert. denied, 444 U.S. 991 (1979). In addition, the government can be held liable only for direct infringement, not for inducement or contributory liability. See *Decca Ltd.* v. *United States*, 640 F.2d 1156, 1167 (Ct. Cl. 1980), cert. denied, 454 U.S. 819 (1981). And enhanced damages, which are sometimes available against private parties, see *Halo Elecs.*,

Inc. v. *Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016), are not available in suits under Section 1498(a). See 28 U.S.C. 1498(a) (providing for the "recovery of * * * reasonable and entire compensation").

2. The Patent Act charges the USPTO with examining applications for patents, and it directs the USPTO to issue a patent if the statutory criteria are satisfied. 35 U.S.C. 131. Federal law has long permitted the USPTO to reconsider the patentability of the inventions claimed in issued patents. See *Oil States Energy Servs., LLC* v. *Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1370 (2018) (*Oil States*). Over the past several decades, Congress has established and modified several administrative mechanisms by which the agency may revisit existing patents. See *ibid.*; H.R. Rep. No. 98, 112th Cong., 1st Sess. Pt. 1, at 45-46 (2011) (2011 House Report) (recounting history of review mechanisms).

a. In 1980, Congress authorized the USPTO to conduct what is known as ex parte reexamination of existing patent claims. *Oil States*, 138 S. Ct. at 1370; see Act of Dec. 12, 1980 (1980 Act), Pub. L. No. 96-517, 94 Stat. 3015. The statute authorized "[a]ny person at any time" to cite to the USPTO "prior art * * * which that person believes to have a bearing on the patentability of any claim of a particular patent." 1980 Act, 94 Stat. 3015 (35 U.S.C. 301 (Supp. IV 1980)). It further authorized the USPTO to conduct ex parte reexamination of "any claim of a patent," either at the request of "[a]ny person" or on the agency's "own initiative," if the USPTO determined that prior art raised a "substantial new question of patentability." *Ibid.* (35 U.S.C. 302, 303(a) (Supp. IV 1980)). That mechanism remains available today. 35 U.S.C. 301-302. Shortly after the 1980 Act was enacted, the USPTO stated its understanding that

the "person[s]" who may bring prior art to the agency's attention and/or request ex parte reexamination "may be corporate and governmental entities as well as individuals." USPTO, Dep't of Commerce, *Manual of Patent Examining Procedure* § 2203 (4th ed. Rev. 7, July 1981) (*1981 MPEP*); see *id.* § 2212.

In 1999, Congress created an additional mechanism for reviewing existing patent claims, called inter partes reexamination, that afforded "third parties greater opportunities to participate in the [USPTO's] reexamination proceedings." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016); see Optional Inter Partes Reexamination Procedure Act of 1999, Pub. L. No. 106-113, Div. B, Tit. IV, Subtit. F, §§ 4601-4608, 113 Stat. 1501A-567 to 1501A-572 (35 U.S.C. 311-318 (2000)). Under that statute, "[a]ny person" could ask the USPTO to reexamine the patentability of claims in existing patents "on the basis of any prior art cited under the provisions of [S]ection 301," if the person raised "a substantial new question of patentability." 35 U.S.C. 311(a), 312(a), 313 (2000). Unlike in ex parte reexamination, however, if the USPTO elected to institute an inter partes reexamination, the third-party requester could then participate in the administrative proceedings—and, after a further statutory amendment in 2002, could participate in any subsequent appeal. See 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, Div. C, Tit. III, §§ 13106, 13202, 116 Stat. 1900-1902. If an inter partes reexamination was instituted, the third-party requester was "estopped from asserting at a later time, in any civil action" in district court, "the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could

have raised during the inter partes reexamination proceedings." 35 U.S.C. 315(c) (2000). As with ex parte reexaminations, the USPTO permitted federal agencies to petition for inter partes reexaminations of issued patents. See, *e.g.*, Inter Partes Reexamination No. 95/000,062 (filed Dec. 3, 2004 by U.S. Dep't of Health and Human Services; instituted Feb. 28, 2005).[1]

b. In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284. The AIA reflected Congress's "growing sense" that, under existing procedures, "questionable patents [we]re too easily obtained and [we]re too difficult to challenge." 2011 House Report 39. The AIA substantially expanded the Patent Act's post-issuance review procedures in order to provide "a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court." *Id.* at 48.

The AIA maintained in effect the ex parte reexamination procedures that the 1980 Act had created. See *Oil States*, 138 S. Ct. 1370. But the AIA "replaced inter partes reexamination" with three new administrative mechanisms to be implemented by a newly created Patent Trial and Appeal Board (PTAB or Board). *Id.* at 1371. For challenges brought within nine months after patent issuance, the AIA established a new procedure known as post-grant review, which allows challenges to patentability on any ground that could be asserted as a defense to a claim of infringement. 35 U.S.C. 321(b)-(c); see 35 U.S.C. 321-329. For challenges brought after that nine-month period, the AIA established inter partes

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[1] Inter partes and ex parte reexaminations may be located by application number at https://portal.uspto.gov/pair/PublicPair.

review, which permits challenges based only on obviousness or lack of novelty. 35 U.S.C. 311 (b)-(c); see 35 U.S.C. 311-319. Any "person who is not the owner of a patent" may petition for post-grant or inter partes review. 35 U.S.C. 311(a), 321(a).

In an uncodified portion of the AIA, Congress also created a special "transitional post-grant review proceeding for review of the validity of covered business method patents." § 18(a)(1), 125 Stat. 329. Covered-business-method (CBM) review proceedings generally "employ the standards and procedures of[] a post-grant review," *ibid.*, but a party may file a petition for CBM review at any time during the term of the patent, see § 18(a)(1)(A), 125 Stat. 329. "A person may not file a petition for" CBM review, however, "unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent." § 18(a)(1)(B), 125 Stat. 330.[2]

Similar to a petitioner under the now-defunct inter partes reexamination scheme, a petitioner in an inter partes review or post-grant review "that results in a final written decision" is estopped from "assert[ing] * * * in a civil action" in district court "that the claim is invalid on any ground that the petitioner raised or reasonably could have raised" during the AIA review proceeding. 35 U.S.C. 315(e)(2) (inter partes review); 35 U.S.C. 325(e)(2) (post-grant review). Such a petitioner is also estopped from raising the same challenges "in a proceeding before the International Trade Commission"

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[2] This CBM-review program is set to expire eight years after the effective date of the USPTO's implementing regulations—on September 16, 2020. See AIA § 18(a)(3)(A), 125 Stat. 330; 77 Fed. Reg. 48,680, 48,687 (Aug. 14, 2012).

(ITC), or in "a proceeding before the [USPTO]," such as another post-issuance review. 35 U.S.C. 315(e), 325(e); AIA § 18(a)(1)(D), 125 Stat. 330. For CBM review, the petitioner is estopped from subsequently asserting invalidity in district court or the ITC on any ground that "the petitioner raised" (though not from asserting additional grounds that the petitioner could have raised) in the CBM review. AIA § 18(a)(1)(D), 125 Stat. 330.

B. The Present Controversy

1. a. Petitioner owns U.S. Patent No. 6,826,548 (the '548 patent), which claims a method for processing undeliverable mail. Pet. App. 159a-161a. For decades, respondent the United States Postal Service (USPS or Postal Service) has processed returned mail as part of its statutory duty to provide national mail delivery services. 39 U.S.C. 101. Petitioner alleges that, beginning in 2003, its representatives have discussed with various USPS officials the possibility that the Postal Service might license petitioner's invention for use in that process. Pet. App. 161a-163a. Petitioner alleges that USPS officials expressed interest in petitioner's invention, but no licensing agreement was ever consummated. *Ibid.*

In 2006, the Postal Service announced that it would offer an enhanced address-change service—"OneCode ACS"—to process returned and undeliverable mail. Pet. App. 163a-164a. On several occasions, petitioner's representatives subsequently met with the Postal Service and expressed their view that the USPS's new service infringed one or more claims of the '548 patent. *Id.* at 164a. The Postal Service again declined to procure a license to use the invention claimed in the '548 patent. *Id.* at 165a.

In 2007, the Postal Service petitioned the USPTO for ex parte reexamination of the '548 patent, which the USPTO instituted. Pet. App. 165a. Petitioner did not dispute that the Postal Service was a "person" within the meaning of 35 U.S.C. 302 (2006) who could request ex parte reexamination. At the conclusion of the reexamination, the USPTO issued an ex parte reexamination certificate, cancelling the original claims of the '548 patent and adding several new claims. Pet. App. 166a. Petitioner then filed suit against the United States in the CFC under 28 U.S.C. 1498(a), seeking "compensation for the [Postal Service's] unlicensed use and infringement * * * of the invention claimed in [the '548 patent] and the Ex Parte Reexamination Certificate for the '548 Patent." Pet. App. 159a; see *id.* at 166a-167a.

In 2014, the Postal Service filed a second petition with the USPTO, this time requesting that the agency use the newly created CBM-review procedures to reconsider the validity of the asserted patent claims. Pet. App. 99a. Petitioner again did not dispute that the Postal Service was a "person" who could petition for CBM review under 35 U.S.C. 321(a) and AIA § 18(a)(1)(B), 125 Stat. 330. Petitioner argued, however, that the Postal Service lacked "standing" to seek CBM review, on the theory that a suit under Section 1498(a) is not a suit "for infringement" of a patent within the meaning of Section 18(a)(1) of the AIA. Pet. App. 115a.

b. The PTAB instituted CBM review of the '548 patent. The Board rejected petitioner's threshold "standing" argument, concluding that the Postal Service's alleged "use or manufacture of a patented invention without license or lawful right" was "infringement" within the meaning of AIA § 18 (a)(1), 125 Stat. 329. Pet. App. 116a-117a; see *id.* at 98a-139a.

After conducting the CBM-review proceedings, the Board issued a final written decision on patentability, concluding that the relevant claims of the '548 patent were drawn to patent-ineligible subject matter and therefore invalid. Pet. App. 57a-97a. Applying this Court's decision in *Alice Corp. Pty. Ltd.* v. *CLS Bank International*, 573 U.S. 208 (2014) (*Alice*), the Board concluded that the challenged claims were "directed to the abstract idea of relaying mailing address data" and did not recite any limitations that "amount[ed] to significantly more than that abstract idea." Pet. App. 76a; see *id.* at 71a-81a; see also *Alice*, 573 U.S. at 217-218. The Board also reiterated its threshold determination that the Postal Service was a proper petitioner under Section 18(a)(1) of the AIA because the government had been sued under 28 U.S.C. 1498(a) for the USPS's unlicensed use of the patented invention. Pet. App. 70a-71a.

2. The court of appeals affirmed. Pet. App. 1a-43a.

a. The court of appeals held that a suit against the federal government under Section 1498(a) is a suit "for infringement" within the meaning of AIA Section 18(a)(1). Pet. App. 18a-29a. The court observed that the "[c]ommon usage" of the term "infringement" includes "[t]he unauthorized making, using, offering to sell, selling, or importing into the United States of any patented invention." *Id.* at 24a-25a (citations omitted; second set of brackets in original). It concluded that, because a patent owner filing suit under Section 1498(a) must establish that the federal government "manufactur[ed] or us[ed] the patented invention" without authorization, a suit under Section 1498(a) is an action for "'infringement'" as that term is commonly understood. *Id.* at 26a.

The court of appeals also rejected the view, raised for the first time in Judge Newman's dissent, that the government is not a "'person'" authorized to seek CBM review. Pet. App. 29a-33a. The court noted that petitioner had "waived reliance on the term 'person'" by failing to raise the issue before the Board or the court of appeals. *Id.* at 23a n.12, 29a. The court concluded that, even assuming the issue "is not waivable or is important enough to address without the benefit of the parties' briefing," the word "person" in this statutory context encompasses the federal government. *Id.* at 30a. The court observed that the AIA does "not appear to use the term 'person' to exclude the government in other provisions." *Id.* at 31a. The court also explained that authorizing federal agencies to petition for CBM review would further the AIA's purpose of enhancing the USPTO's ability to reconsider suspect business-method patents, thus avoiding the burdens and expense of federal-court litigation. *Id.* at 32a-33a.

b. The court of appeals affirmed the Board's conclusion that the challenged claims of the '548 patent were drawn to patent-ineligible subject matter. Pet. App. 34a-43a. The court agreed that the claims were "directed to the abstract idea of 'relaying mailing address data.'" *Id.* at 37a (citation omitted). It rejected petitioner's argument that the claims recited "an inventive concept that transforms th[at] abstract idea into 'something more.'" *Id.* at 38a (quoting *Alice*, 573 U.S. at 217). The court explained that the claims "only recite routine, conventional activities such as identifying undeliverable mail items, decoding data on those mail items, and creating output data." *Ibid.* The court of appeals con-

cluded that "[n]one of the recited steps, alone or together, suffice to transform the abstract idea into patent-eligible subject matter." *Id.* at 39a.

c. Judge Newman dissented, based on her conclusion that the Postal Service is not a "person" within the meaning of the AIA. Pet. App. 44a-56a. She explained that the term "person" is ordinarily understood not to encompass sovereign entities, and she found no indication in the AIA that Congress intended to depart from that understanding. *Id.* at 48a-51a. Judge Newman also concluded that, because the AIA's estoppel provisions do not apply to the federal government, the government would have an unfair advantage over other litigants if it could petition for CBM review. *Id.* at 52a-56a.

d. The court of appeals denied a petition for rehearing en banc without a noted dissent. Pet. App. 140a-141a.

SUMMARY OF ARGUMENT

A. The Patent Act's text and structure demonstrate that a federal agency is a "person" who may invoke the AIA's mechanisms for post-issuance review of granted patents. A variety of Patent Act provisions use the term "person," and the contexts in which those provisions appear make clear that federal entities are covered. Two of those provisions (35 U.S.C. 102 and 118) were reenacted as part of the AIA. That consistent usage supports the inference that federal agencies are likewise among the "person[s]" who may invoke the AIA's new mechanisms for post-issuance review.

Petitioner relies substantially on the Dictionary Act's definition of "person," 1 U.S.C. 1, which lists several types of artificial legal entities but does not specifically mention federal agencies. That list does not purport to be exclusive, however, and the definition's evi-

dent primary purpose is to make clear that artificial entities as well as natural persons are covered. In any event, Dictionary Act definitions do not apply when "the context indicates otherwise." *Ibid.* Petitioner acknowledges that the term "person" encompasses federal agencies in *some* Patent Act provisions, but contends that this usage is limited to provisions that pertain to patent ownership. In fact, however, that term is used in other Patent Act provisions that afford protection against infringement liability in specified circumstances, and exclusion of the government from the benefits of those provisions would be highly anomalous.

Petitioner's reliance on 35 U.S.C. 296(a) is also misplaced. Section 296(a) demonstrates that, by including an express reference to federal agencies in the AIA provisions that govern post-issuance review, Congress could have eliminated all doubt about the question presented here. But the fact that Congress could have expressed its intent more clearly does not mean that petitioner's interpretation of the relevant AIA provisions is correct. Petitioner also identifies AIA provisions that use the term "person" to refer solely to natural persons. Those provisions do not support petitioner's argument, however, but simply demonstrate that the meaning of "person"—and, in particular, the applicability of the Dictionary Act definition—depends on the statutory context in which the word appears.

B. Federal agencies have long participated in the patent system, both as patent holders and as users of patented inventions, on substantially the same terms as private actors. Such agencies can acquire patents through assignment if the generally applicable criteria for patentability are met. And, like private actors, the

United States is subject to monetary liability if its agencies make or use patented inventions without authorization from the patent owner. Since 1980, the USPTO has viewed federal agencies as being among the "person[s]" who may request ex parte or inter partes reexamination of issued patents. That historical practice reinforces the inference that the term "person" in the AIA's post-issuance review provisions likewise encompasses federal agencies.

C. In enacting the AIA's post-issuance review provisions, Congress sought to establish more efficient and cost-effective mechanisms by which the USPTO may reconsider the validity of previously issued patents, thereby improving patent quality and reducing the need for expensive and protracted infringement litigation. Efficiently eliminating suspect business-method patents was a matter of particular congressional concern. Congress's rationales for expanding the availability of post-issuance review are directly implicated when such review is requested by a federal agency. A federal agency is just as capable as a private entity of assisting the USPTO in identifying invalid patents. And a federal agency has the same interest as any other (actual or potential) infringement defendant in avoiding both the costs and other burdens of litigation and the presumption of patent validity.

D. Petitioner's contrary arguments lack merit. The interpretive presumption that the term "person" does not include the sovereign is not a hard-and-fast rule, and the Court has applied it primarily to statutes that used the term to refer to potential *defendants*. Although the Court has traditionally been unwilling to subject the United States to liability or similar disad-

vantages absent specific statutory language clearly directing that result, no analogous clear-statement rule governs the question whether a federal agency can invoke post-issuance review mechanisms that are available to all other natural and artificial persons.

Petitioner also emphasizes that, because the AIA's estoppel provisions apply only to such litigation as is brought in district court, they do not apply to suits against the United States under 28 U.S.C. 1498(a), which must be brought in the CFC. Petitioner views it as implausible that Congress would allow federal agencies to invoke the AIA's post-issuance review mechanisms without subjecting them to the AIA's estoppel rules. That argument lacks merit.

First, petitioner overstates the differences between the estoppel rules that apply to federal agencies that seek AIA post-issuance review, and the rules that govern private actors who invoke the same mechanisms. Federal agencies that successfully request post-issuance review will be estopped in future USPTO proceedings on the same terms as private actors. And even in litigation brought under Section 1498(a), the government is subject to common-law estoppel, though not to the expanded estoppel rules set forth in the AIA. Because the estoppel rules that bind the government are often different from those that apply to private parties, there is nothing anomalous about the prospect of a comparable disparity in this setting. In any event, the desire to produce parity of treatment between federal and private actors scarcely supports petitioner's approach, under which federal agencies would be uniquely disentitled to invoke AIA review mechanisms that are available to all others who wish to contest the validity of issued patents.

ARGUMENT

A FEDERAL AGENCY IS A "PERSON" WHO MAY FILE A PETITION FOR POST-ISSUANCE REVIEW OF A PATENT UNDER THE AIA

A federal agency is a "person" who may petition the USPTO for post-issuance review of a patent under the AIA. Petitioner observes that, in "'everyday parlance,'" few people would "use the word 'person' to describe the government." Pet. Br. 23 (citation omitted). In a statute, however, the word "is not a term of art with a fixed meaning wherever it is used." *Pfizer Inc.* v. *Government of India*, 434 U.S. 308, 315 (1978). In particular, the "qualification of a sovereign as a 'person' who may maintain a particular claim for relief depends not upon a bare analysis of the word 'person,' but on the legislative environment in which the word appears." *Inyo Cnty.* v. *Paiute-Shoshone Indians of the Bishop Cmty. of the Bishop Colony*, 538 U.S. 701, 711 (2003) (citations and internal quotation marks omitted). Here, the statutory context in which the term appears, the history of federal agencies' participation in the patent system, and the purposes of the AIA's post-issuance review procedures all support the conclusion that the Postal Service is a "person" authorized to seek AIA review of an issued patent. Petitioner's contrary arguments are unpersuasive.

A. The Text And Structure Of The Patent Act Demonstrate That A Federal Agency Is A "Person" Who May Petition For Post-Issuance Review

1. a. The word "person" appears in a variety of Title 35 provisions that govern the issuance, licensing, and use of patents and patented inventions. Section 102, for example, states that "[a] *person* shall be entitled to a patent unless * * * the claimed invention was patented,

described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention," or was "described in a patent issued" that "names another inventor and was effectively filed before the effective filing date of the claimed invention." 35 U.S.C. 102(a) (emphasis added). Section 102 further limits the first-to-file requirement by excluding prior disclosures if "the subject matter disclosed and the claimed invention * * * were owned by the same person or subject to an obligation of assignment to the same person." 35 U.S.C. 102(b)(2)(C).

Section 118 authorizes a "person to whom the inventor has assigned * * * the invention" or "who otherwise shows sufficient proprietary interest in the matter" to apply for a patent. 35 U.S.C. 118. It provides that, "[i]f the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient." *Ibid.* Section 119 authorizes a "person" who has filed an application for a patent in a foreign country to apply for a U.S. patent for the same invention and to have the U.S. application treated as "if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country." 35 U.S.C. 119(a) (Supp. V 2017).

Section 252 provides that "any person" who, before the granting of a reissued patent, "made, purchased, offered to sell, or used within the United States, or imported into the United States" an embodiment of the invention covered by the reissued patent may "continue the use of, to offer to sell, or to sell to others * * * the specific thing so made, purchased, offered for sale,

used, or imported unless the making, using, offering for sale, or selling of such thing infringes a valid claim of the reissued patent which was in the original patent." 35 U.S.C. 252. Section 252 thus ensures that, when a reissued patent covers conduct that was not covered by the original patent, a person who has previously engaged in that conduct may continue to do so without infringement liability. Sections 307, 318, and 328 grant the same rights to any "person who made, purchased, or used within the United States, or imported into the United States, anything patented by" a claim added to a patent during reexamination, inter partes review, or post-grant review. 35 U.S.C. 307(b), 318(c), 328(c).

b. The statutory contexts in which these provisions appear make clear that the word "person" in each provision includes federal agencies. Congress's specific authorization for federal agencies to "apply for, obtain, and maintain patents," 35 U.S.C. 207(a)(1), indicates that the term "person" in Sections 102, 118, and 119 encompasses the federal government. When a federal agency applies for a patent, the agency must satisfy the longstanding requirements for patentability contained in Section 102 that the invention be novel and not "on sale, or otherwise available to the public." 35 U.S.C. 102(a)(1). And because the term "'inventor'" is limited to an "individual" or group of "individuals," 35 U.S.C. 100(f), federal agencies may apply for patents in their own names only by virtue of Section 118's authorization of "person[s]" other than inventors to do so in certain circumstances.

The term "person" in 35 U.S.C. 252, 307(b), 318(c), and 328(c) should likewise be construed to encompass federal agencies. Each of those so-called "intervening rights" provisions protects a third party from the

"'gross injustice'" of, "having already begun to make, use, or sell a given article, find[ing] its previously lawful activities rendered newly infringing under a modified patent." *Marine Polymer Techs., Inc.* v. *HemCom, Inc.*, 672 F.3d 1350, 1361 (Fed. Cir. 2012) (citation omitted). Like private parties, the United States is subject to suit, and to potential monetary liability, if a federal agency makes or uses a patented invention without the patent owner's authorization. See 28 U.S.C. 1498. There is no sound reason to believe that Congress would have intended the federal government, alone among all potential infringers, to be disentitled to the protections that the "intervening rights" provisions confer.

If federal agencies are properly viewed as "person[s]" within the meaning of these disparate Patent Act provisions, they should likewise be treated as "person[s]" under the AIA's post-issuance review provisions. "[I]dentical words used in different parts of the same statute" are generally "presumed to have the same meaning." *Robers* v. *United States*, 134 S. Ct. 1854, 1857 (2014) (citation omitted). And while that maxim may yield in some circumstances, see Pet. Br. 30-31, it is "doubly appropriate" where a term is used in closely related provisions enacted "at the same time." *Powerex Corp.* v. *Reliant Energy Servs., Inc.*, 551 U.S. 224, 232 (2007). Here, the AIA includes new versions of 35 U.S.C. 102 (2012 & Supp. V 2017) and 35 U.S.C. 118, in which Congress retained the term "person." See §§ 3(b)(1), 4(b)(1), 125 Stat. 285-287, 296; see also § 15(b), 125 Stat. 328 (amending Section 119). And 35 U.S.C. 318(c) and 328(c) are part of the same chapters that created the inter partes review and post-grant review procedures that are at issue here, and that were added to the Patent Act by the AIA. See § 6(a), 125 Stat. 299-304 (enacting

35 U.S.C. 311-319); § 6(d), 125 Stat. 305-311 (enacting 35 U.S.C. 321-329).

2. Petitioner argues (Br. 20-24) that the term "person" in the AIA's post-issuance review provisions does not encompass federal agencies because the Dictionary Act's definition of that term presumptively excludes governmental bodies, and neither the AIA nor the Patent Act rebuts that presumption with respect to the review provisions at issue here. That argument lacks merit.

The Dictionary Act states that "the words 'person' and 'whoever' include corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals." 1 U.S.C. 1. In stating that the term "person" "include[s]" such entities, that definition does not rule out the possibility that other entities may be covered. See *Samantar* v. *Yousuf*, 560 U.S. 305, 317 (2010) ("[U]se of the word 'include' can signal that the list that follows is meant to be illustrative rather than exhaustive."). The evident primary purpose of that definition is to "make[] * * * clear" that the term "person" ordinarily extends beyond natural persons and encompasses artificial legal entities, *Burwell* v. *Hobby Lobby Stores, Inc.*, 134 S. Ct. 2751, 2768 (2014), not to limit the range of artificial entities that may be covered.

In any event, Dictionary Act definitions do not apply when "the context indicates otherwise." 1 U.S.C. 1. Petitioner acknowledges (Br. 27-28) that, in light of Congress's express authorization for federal agencies to "apply for, obtain, and maintain patents," 35 U.S.C. 207(a)(1), the term "person" in *some* AIA provisions must encompass federal agencies. Petitioner contends (Br. 28), however, that the term should be read in that

manner only in the AIA provisions that pertain to patent ownership, not in the provisions that govern post-issuance review procedures.

The "intervening rights" provisions described above (35 U.S.C. 252, 307, 318, 328), however, do not use the term "person" to refer to an actual or potential patent owner. They instead use the term to refer to third parties that might otherwise be subject to liability for infringing another's patent. And Sections 318 and 328 are among the AIA provisions that govern post-issuance USPTO review. If the term "person" in those provisions encompasses federal agencies, there is no sound reason to give it a narrower reading for purposes of requesting AIA post-issuance review.[3]

3. Petitioner's reliance (Br. 29-30) on 35 U.S.C. 296(a) is also misplaced. In that provision, which this

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[3] The petition for certiorari argued (Pet. 19) that two other provisions defining the AIA's inter partes and post-grant review procedures—35 U.S.C. 317(b), 327(b)—distinguish between a "person" and a federal agency by providing that a confidential settlement agreement in post-issuance reviews "shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause." Petitioner's merits brief does not repeat that argument. As the government explained (Br. in Opp. 11-12), those provisions merely set a lower standard for federal agencies to obtain such agreements than otherwise applies to "any person." 35 U.S.C. 317(b), 327(b). That the federal government is unique among "person[s]" for purposes of obtaining a confidential agreement does not demonstrate that the term "any person" *excludes* the federal government, as the legislative history confirms. See H.R. Rep. No. 314, 110th Cong., 1st Sess. 75 (2007) (describing a nearly identically worded provision in a predecessor bill as making confidential settlement agreements "available only to government agencies on written request, or *other person* for good cause shown") (emphasis added).

Court held unconstitutional in *Florida Prepaid Postsecondary Education Expense Board* v. *College Savings Bank*, 527 U.S. 627 (1999), Congress attempted to abrogate the States' sovereign immunity from any suit "in Federal court by any person, including any governmental or nongovernmental entity, for infringement of a patent." 35 U.S.C. 296(a). Petitioner views (Br. 29-30) Section 296(a) as "demonstrat[ing] again how Congress makes an affirmative showing when it intends to expand 'person' beyond the presumptive definition."

Section 296(a) confirms the obvious fact that, if Congress had specifically identified federal agencies as being among the "person[s]" who can invoke the AIA's post-issuance review provisions, the question presented here would not be open to reasonable debate. But Congress's failure to specify its intent in the clearest possible manner does not preclude a court from inferring that intent. Indeed, petitioner acknowledges that the term "person" in *some* Patent Act provisions encompasses federal agencies, see pp. 22-23, *supra*, notwithstanding the absence of any express reference to federal agencies in those provisions.

4. Petitioner identifies (Br. 31) a handful of AIA provisions that use the term "person" in a manner that could not reasonably include a federal agency. As petitioner suggests (*ibid.*), these provisions—which define, for example, who can serve as an administrative patent judge, 35 U.S.C. 6(a)—appear "to refer exclusively to *natural* persons." But these provisions simply underscore that the Dictionary Act's definition of "person"—which includes artificial persons such as "corporations, companies, associations, [and] partnerships," 1 U.S.C. 1—is not controlling throughout the AIA. They do not speak to whether the context indicates that federal

agencies should be included (among other artificial persons) in the provisions at issue here.

B. The History Of Federal Agencies' Participation In The Patent System Confirms That A Federal Agency Is A "Person" Who May Petition For Post-Issuance Review

1. From the first Patent Act, Congress has used the term "person" to describe those entities who could apply for and obtain a patent. See Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109-110 (authorizing the issuance of a patent "upon the petition of any person or persons * * * setting forth, that he, she, or they, hath or have invented or discovered any useful art * * * not before known or used"); Patent Act of 1870, ch. 230, § 24, 16 Stat. 201 ("[A]ny person who has invented or discovered any new and useful art * * * not known or used by others in this country, and not patented, or described in any printed publication * * * before his invention or discovery thereof, and not in public use or on sale for more than two years prior to his application * * * may * * * obtain a patent therefor."). In 1883, Congress authorized the Commissioner of Patents to "grant any officer of the government, except officers and employees of the Patent Office, a patent for any invention * * * when such invention is used or to be used in the public service, without the payment of any fee." Act of Mar. 3, 1883, ch. 143, 22 Stat. 625. Under this authority, federal officers applied for and obtained numerous patents in the name of the United States and federal agencies. See, *e.g.*, Life-Saving Device, U.S. Patent No. 1,051,649 (filed May 3, 1912) (issued to "the Government of the United States of America" Jan. 28, 1913) (capitalization altered); Process for the Preparation of Papain, U.S. Patent No. 2,257,218 (filed July 11, 1940) (issued to "Henry A. Wallace, as Secretary of Agriculture of the United

States of America, and to his successors in office" Sept. 30, 1941); Radar Search Stabilization System, U.S. Patent No. 2,926,348 (filed Aug. 31, 1955) (issued to "the United States of America as represented by the Secretary of the Navy" Feb. 23, 1960).

Although Congress first established a government-wide policy for obtaining patent rights from government-funded research by government contractors in 1980, that practice also has a long history. See 1980 House Report 3 (explaining that the 1980 Act replaced a "melange of 26 different agency policies"). In a 1947 study, the Attorney General described the policies of federal agencies. See 1 U.S. Dep't of Justice, *Investigation of Government Patent Practices and Policies: Report and Recommendation of the Att'y Gen. to the President* (1947). The Attorney General explained that some federal agencies, such as the Department of Agriculture, the Tennessee Valley Authority, and the Defense Plant Corporation, "generally retain[ed] a substantial degree of control over the patent rights" in inventions made by government contractors. *Id.* at 78. Others, such as the War Department, generally left the patent rights to the contractor "subject to a Government license" and a "provision for an assignment of the patent to the United States in limited circumstances." *Id.* at 80-81.

The federal government has similarly participated as a user of patented inventions. In 1881, this Court described it as "the general practice" that, "when inventions have been made which are desirable for government use, either for the government to purchase them from the inventors, and use them as secrets of the proper department; or, if a patent is granted, to pay the patentee a fair compensation for their use." *James* v.

Campbell, 104 U.S. 356, 358 (1882). The Court explained that, when the federal government "grants letters-patent for a new invention or discovery in the arts, [it] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser." *Id.* at 357-358.

Initially, although the federal government was subject to the patent laws' substantive prohibition on unauthorized use of patented inventions, no statute provided any means "of obtaining compensation from the United States for the use of an invention, where such use [w]as not * * * by the consent of the patentee." *Campbell*, 104 U.S. at 358; see *Schillinger* v. *United States*, 155 U.S. 163, 169 (1894) (holding that the United States had not waived its sovereign immunity from suits for patent infringement). In 1910, Congress enacted the predecessor to Section 1498(a) to provide a remedy for a patent owner who alleged "that rights secured to him by a patent had been invaded for the benefit of the United States by one of its officers, that is, that such officer * * * had infringed a patent." *Crozier* v. *Fried. Krupp Aktiengesell-Schaft*, 224 U.S. 290, 303-304 (1912).

2. Federal agencies have also repeatedly invoked the various administrative mechanisms for revisiting the validity of issued patents. Shortly after Congress created the ex parte reexamination procedures in 1980, the USPTO determined that federal agencies were among the "person[s]" who were authorized to cite relevant prior art to the Office, 35 U.S.C. 301 (Supp. IV 1980), and to request such reexamination, 35 U.S.C. 302

(Supp. IV 1980). In July 1981, the Manual of Patent Examining Procedure was amended to add a chapter describing the new procedure. See *1981 MPEP* ch. 2200 ("Citation of Prior Art and Reexamination of Patents"). In describing "Persons Who May Cite Prior Art," the manual explained that "'[a]ny person'" in Section 301 "may be corporate and governmental entities as well as individuals." *Id.* § 2203. The manual similarly stated that "[c]orporations and/or government entities are included within the scope of the term 'any person'" in Section 302. *Id.* § 2212.

Congress subsequently authorized "[a]ny person" to petition for inter partes reexamination "on the basis of any prior art cited under [Section] 301." 35 U.S.C. 311(a) (2000). Although the USPTO did not expressly state that the term "[a]ny person" in that provision also encompassed governmental entities, it reiterated its prior understanding of Section 301. See USPTO, Dep't of Commerce, *Manual of Patent Examining Procedure* § 2203 (8th ed. Rev. 2, May 2004) ("'Any person' [in Section 301] may be a corporate or governmental entity as well as an individual."); *id.* § 2612 (explaining that "any person other than the patent owner may file a request for *inter partes* reexamination of a patent").

Before the enactment of the AIA, the USPTO repeatedly instituted ex parte and inter partes reexaminations at the request of federal agencies. See, *e.g.*, Inter Partes Reexamination No. 95/000,062 (filed Dec. 3, 2004 by U.S. Dep't of Health and Human Services; instituted Feb. 28, 2005); Ex Parte Reexamination No. 90/006,429 (filed Oct. 30, 2002 by U.S. Navy; instituted Jan. 17, 2003); Ex Parte Reexamination No. 90/001,211 (filed Apr. 8, 1987 by U.S. Dep't of Energy; instituted June 22, 1987). That practice continues today. Al-

though petitioner now asserts that the Postal Service is not a "person" within the meaning of the new AIA post-issuance review procedures, it made no such objection when the Postal Service successfully petitioned for ex parte reexamination of the same patent that is at issue in this case. Indeed, the patent claims that petitioner has asserted against the Postal Service in the corresponding Section 1498(a) suit were not part of the original patent, but were issued as a result of the ex parte reexamination process. See p. 11, *supra*; Pet. App. 61a.

Federal agencies thus have long participated in the patent system, including by invoking prior post-issuance review procedures that Congress has made available to "[a]ny person." That history provides strong support for the conclusion that Congress intended for federal agencies to continue to participate in this closely related aspect of the patent system.

C. Authorizing Federal Agencies To Petition For Post-Issuance Review Is Consistent With Congress's Purposes in Enacting The AIA

1. Congress established the AIA post-issuance review mechanisms in order to provide efficient and cost-effective procedures for the USPTO to reconsider its earlier patent grants, and thereby "improve patent quality and limit unnecessary and counterproductive litigation costs." 2011 House Report 40; see also *id.* at 45, 48. Those provisions reflected Congress's "growing sense that questionable patents are too easily obtained and are too difficult to challenge." *Id.* at 39. The AIA's expansion of post-issuance review procedures responded to concerns that these poor-quality patents had "result[ed] in seemingly endless litigation that casts a cloud over patent ownership," and that the "[a]dministrative processes that should serve as an alternative to

litigation * * * ha[d] broken down, resulting in further delay, cost, and confusion." 157 Cong. Rec. 13,041 (2011) (statement of Sen. Whitehouse); see 2011 House Report 45-46 (discussing the history of reexamination proceedings and the problems with existing procedures). To ensure that the new review procedures functioned effectively, Congress gave "challenger[s] * * * broader participation rights" in AIA post-issuance review proceedings than third parties had enjoyed in prior reexamination procedures before the USPTO. See *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). Third-party participation is important in post-issuance review proceedings, as third parties often have greater information than the USPTO about a patent and any relevant prior art, as well as incentives to bring that information to the USPTO's attention.

Efficiently eliminating suspect business-method patents, like the one at issue in this case, was a matter of particular concern to Congress. See 2011 House Report 54 ("A number of patent observers believe the issuance of poor [quality] business-method patents during the late 1990's through the early 2000's led to the patent 'troll' lawsuits that compelled the Committee to launch the patent reform project."); 157 Cong. Rec. 3416 (2011) (statement of Sen. Schumer) (referring to such patents as "the bane of the patent world"). Congress sought to "reduce the burden on the courts of dealing with the backwash of invalid business-method patents" that sprung up following the Federal Circuit's decision in *State Street Bank & Trust Co.* v. *Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998), abrogated by *Bilski* v. *Kappos*, 561 U.S. 593 (2010). 157 Cong. Rec. 3416 (statement of Sen. Kyl); see *ibid.* (statement of Sen. Schumer) ("State Street launched an avalanche of

patent applications seeking protection for common business practices * * * and a cottage industry of business method patent litigation."). CBM review, in particular, provided an alternative mechanism to "address[] disputes" about the "large number of business-method patents that are no longer valid" in light of this Court's decision in *Bilski* v. *Kappos*, 561 U.S. 593 (2010). 157 Cong. Rec. at 3432 (statement of Sen. Kyl).

2. Congress's interest in improving patent quality and providing an efficient alternative to litigation is fully implicated when the third-party requester is a federal agency. Because federal agencies have extensive experience in the patent system, and often have engaged in substantial research and development efforts, they are as well-positioned as private parties to assist the USPTO's review by bringing to bear relevant information and expertise. And when questions of patent validity arise in the course of a federal agency's research and development activities or licensing negotiations, or in a suit against the United States under Section 1498(a), the agency has substantially the same interest as a private party in obtaining the streamlined, efficient USPTO reconsideration of the patent that the AIA post-issuance review mechanisms are intended to provide. There is no sound reason to include federal agencies generally in the patent system, and to subject the government to monetary liability under Section 1498(a), while excluding federal agencies from access to generally available statutory mechanisms that are intended to avoid unnecessary and burdensome litigation and to improve patent quality.

This result would be particularly anomalous because the presumption of patent validity, 35 U.S.C. 282, which requires a litigant to prove patent invalidity in litigation

by "clear and convincing evidence," *Microsoft Corp.* v. *i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011), equally applies in infringement litigation against the United States. See *Hitkansut LLC* v. *United States*, 130 Fed. Cl. 353, 368-369 (2017), aff'd, 721 Fed. Appx. 992 (Fed. Cir. 2018) (per curiam). Patent claims are presumed valid in litigation precisely because the USPTO, "in its expertise, has approved the claim." *KSR Int'l Co.* v. *Teleflex Inc.*, 550 U.S. 398, 426 (2007). Under petitioner's view, however, federal agencies could not invoke the AIA mechanisms that Congress deemed necessary and appropriate to "restore confidence in the presumption of validity that comes with issued patents." 2011 House Report 48. That approach would disserve the interests both of the federal agencies whose activities are alleged to be infringing, and of the USPTO in identifying and cancelling improvidently issued patents.

D. Petitioner's Contrary Arguments Lack Merit

1. a. Petitioner relies heavily on a "longstanding interpretive presumption that 'person' does not include the sovereign," absent "some affirmative showing of statutory intent to the contrary." Pet. Br. 24 (quoting *Vermont Agency of Natural Res.* v. *United States ex rel. Stevens*, 529 U.S. 765, 780-781 (2000)). This Court has made clear, however, that "there is no hard and fast rule of exclusion," *Georgia* v. *Evans*, 316 U.S. 159, 161 (1942) (quoting *United States* v. *Cooper, Corp.*, 312 U.S. 600, 604-605 (1941)), and it has repeatedly rejected "mechanical rule[s]" for determining whether particular statutes that use that term apply to governmental bodies, *Pfizer*, 434 U.S. at 316. Instead, the Court has explained that "much depends on the context, the subject matter, legislative history, and executive interpretation." *Wilson* v. *Omaha Indian Tribe*, 442 U.S. 653, 667 (1979).

As the court of appeals observed, moreover, the presumption that the word "person" excludes government agencies has less force where the provision would grant a benefit or opportunity, rather than impose liability or a new restraint. See Pet. App. 30a. As applied to statutory provisions that impose liability on "persons" who engage in specified conduct, the interpretive canon that the term "person" presumptively excludes the sovereign complements the established rules that "a waiver of sovereign immunity must be 'unequivocally expressed' in statutory text," and that "[a]ny ambiguities in the statutory language are to be construed in favor of immunity." *FAA* v. *Cooper*, 566 U.S. 284, 290 (2012). No similar clear-statement rule applies, however, when the question is whether government agencies can file suit or invoke other procedural mechanisms that are available to the general public.

In *Stevens*, for example, the Court applied the presumption that the term "person" excludes the sovereign in holding that States and state agencies are not subject to private *qui tam* suits under the False Claims Act (FCA). See 529 U.S. at 780-781, 787-788. The Court observed that "[t]he presumption is particularly applicable where it is claimed that Congress has subjected the States to liability to which they had not been subject before." *Id.* at 780-781 (citation and internal quotation marks omitted). After finding several "affirmative indications" that the term "person" in the FCA's *liability* provision did not include States, the Court "le[ft] * * * open" the question whether "States can be 'persons' for purposes of *commencing*" an FCA action. *Id.* at 787 & n.18.[4]

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[4] See *Will* v. *Michigan Dep't of State Police*, 491 U.S. 58, 64 (1989) (relying on the presumption in determining that States are not "person[s]" that can be held liable under 42 U.S.C. 1983); *United States*

In *Evans*, the Court held that a State was a "person" who could bring suit under the Sherman Act. The Court explained that it could "perceive no reason for believing that Congress wanted to deprive a State, as purchaser of commodities shipped in interstate commerce, of the civil remedy * * * which is available to other purchasers who suffer through violation of the Act." 316 U.S. at 162. And in *Pfizer*, the Court held that a foreign government is a "person" who is "entitled to sue for treble damages" under the Clayton Act. 434 U.S. at 312. Although there was "no statutory provision or legislative history that provide[d] a clear answer," *ibid.*, the Court "found no reason to believe that Congress had intended to deprive a [foreign s]tate of the remedy made available to all other victims of antitrust violations," *id.* at 317; see *id.* at 318.

b. The history of the presumption fully supports these differing standards. The rule that the term "person" presumptively excludes the sovereign was derived from the ancient English common-law principle that "the King is not bound by any act of Parliament unless he be named therein by special and particular words." *Dollar Sav. Bank* v. *United States*, 86 U.S. (19 Wall.) 227, 239 (1874). Under that principle, "[t]he most general words that can be devised (for example, any person or persons, bodies politic or corporate) affect not him in the least, *if they may tend to restrain or diminish any of his rights and interests.*" *Ibid.* (emphasis added). The Court in *Dollar Savings Bank* explained that the

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v. *United Mine Workers of Am.*, 330 U.S. 258, 275 (1947) (concluding that the Norris-LaGuardia Act's prohibition on certain forms of injunctive relief in labor disputes between "persons * * * 'engaged in the same industry'" does not apply in suits between the United States and its employees) (citation omitted).

principle "thus settled respecting the British Crown is equally applicable to [the United States] government." *Ibid.*; see *United States* v. *United Mine Workers of Am.*, 330 U.S. 258, 272 (1947) (describing the "old and well-known rule that statutes which in general terms divest pre-existing rights or privileges will not be applied to the sovereign without express words to that effect").

The same presumption, however, did not apply to statutory provisions that granted benefits. To the contrary, under the common-law rule, although "he is not bound by such as do not particularly and expressly mention him," the King could always "avail himself of the provisions of any acts of Parliament." *Stanley* v. *Schwalby*, 147 U.S. 508, 516 (1893) (citation omitted). The Court has viewed that rule too as "equally applicable to this government." *Ibid.* Indeed, as the Court elsewhere explained, "[i]t would present a strange anomaly, * * * if, having the power to make contracts and hold property as other persons, natural or artificial, [the United States] were not entitled to the same remedies for their protection." *Cotton* v. *United States*, 52 U.S. (11 How.) 229, 231 (1851).

United States v. *ICC*, 337 U.S. 426 (1949), exemplifies this approach. In that case, the Court considered whether the United States, acting as a shipper operating certain piers at Norfolk, Virginia, could invoke Interstate Commerce Commission (ICC) procedures for obtaining reparations from railroads that had charged unjust and unreasonable rates, and then challenge the ICC's denial of such reparations in district court under the Administrative Procedure Act (APA), 5 U.S.C. 1001 *et seq.* (1946 & Supp. III 1949). 337 U.S. at 428-429. The Interstate Commerce Act, 49 U.S.C. 1 *et seq.* (1946 & Supp. III 1949), provided that "[a]ny person or persons

claiming to be damaged by any common carrier * * * may either make complaint to the [ICC] * * * or may bring suit in his or their own behalf for the recovery of the damages." 49 U.S.C. 9 (1946). The APA provided that "[a]ny person * * * adversely affected or aggrieved by [agency] action * * * shall be entitled to judicial review thereof." 5 U.S.C. 1009(a) (1946).

This Court held that the government had properly invoked both procedures. The Court explained that, "[u]nless barred by statute, the Government is not less entitled than any other shipper to invoke administrative and judicial protection." *ICC*, 337 U.S. at 430. The Court rejected the railroad's contention that Congress had "deprived the United States as a shipper of powers of self-protection accorded all other shippers," *id.* at 431, by requiring that any action seeking judicial review of an ICC order "be brought * * * against the United States," 28 U.S.C. 46 (1946). See *Director, Office of Workers' Comp. Programs* v. *Newport News Shipbuilding & Dry Dock Co.*, 514 U.S. 122, 128 (1995) (describing the rule of *ICC* as applying to "the Government as a statutory beneficiary or market participant").

Similarly here, no provision specifically bars federal agencies from invoking the AIA's post-issuance review procedures. There is consequently no basis for inferring that, having authorized federal agencies to fully participate in the patent system, Congress intended to "deprive[] the United States as [such a participant] of powers of self-protection accorded all other [parties]." *ICC*, 337 U.S. at 431. The absence of any evident reason to disable the government in that manner is particularly striking here, since the USPS was alleged to have infringed petitioner's patent not in the course of some regulatory action, but by engaging in market behavior

that a private party, including its competitors in the shipping industry, might also pursue. See *Loeffler* v. *Frank*, 486 U.S. 549, 556 (1988) (recognizing that the Postal Service was designed to "run more like a business" than other governmental entities) (citation omitted).[5]

c. Neither *United States* v. *Cooper, Corp.*, *supra*, nor *United States* v. *Fox*, 94 U.S. 315 (1877), is to the contrary. In *Cooper*, this Court held that the United States was not a "person" who was entitled to sue for antitrust violations under Section 7 of the Sherman Act. 312 U.S. at 604; see Sherman Act, § 7, 26 Stat. 210 ("Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this act, may sue therefor * * * and shall recover three fold the

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[5] Petitioner contends (Br. 28 & n.9) that the Postal Service is acting *qua* government as a defendant in an action under Section 1498(a)—"a statute rooted in the constitutional eminent domain authority of the government." In invoking the AIA's CBM-review mechanism, however, the Postal Service was not performing a distinctly governmental function, but was exercising a statutory prerogative available to all natural and artificial "person[s]" alike. To be sure, under AIA § 18(a)(1), 125 Stat. 329, the USPS's ability to invoke the CBM-review mechanism was contingent on the facts that the United States and the USPS were in privity and that the United States had been sued for infringement. But this Court long ago recognized that, when federal officers use or manufacture a patented inventions without the patent owner's authorization, they commit the same tort of patent infringement as a private party in like circumstances. See *Schillinger*, 155 U.S. at 169; *Campbell*, 104 U.S. at 357-358. The court of appeals thus correctly held that a Section 1498(a) action is a "su[it] for infringement" within the meaning of AIA § 18(a)(1), 125 Stat. 329. Pet. App. 18a-29a. And while petitioner sought review of that aspect of the Federal Circuit's decision, see Pet. i, the Court denied review on that question, see 139 S. Ct. 397.

damages."). The Court did not base that holding, however, on any "hard and fast rule." 312 U.S. at 604-605. Rather, the Court concluded that, if the United States were treated as a "person" who was "entitled to sue" under Section 7, the United States would also "be liable to suit for treble damages" under the same provision, which likewise used the term "person" to refer to potential defendants. *Id.* at 606; see *ibid.* ("It is hardly credible that Congress used the term 'person' in different senses in the same sentence."). The Court further explained that the Sherman Act granted the United States ample alternative means, beyond those available to private parties, for the "vindication of the policy of the legislation." *Id.* at 607-608.

Neither of those rationales applies here. The Federal Circuit's holding that the AIA authorizes federal agencies to seek post-issuance review does not expose the United States to any new liability or restraint. Section 1498(a) makes the United States liable for patent infringement committed by federal agencies, and it will have that effect regardless of how the question presented here is resolved. And the susceptibility of federal agencies' patents to challenge under the AIA's post-issuance review scheme does not turn on whether those agencies are "person[s]," since the AIA provisions that authorize post-issuance review refer simply to the "patent owner," a term that unambiguously covers federal agencies that own patents. See, *e.g.*, 35 U.S.C. 313. Nor does the Patent Act or AIA provide the USPS any alternative means of challenging a patent's validity beyond those available to private parties. Petitioner observes (Br. 28-29) that the United States can raise challenges to patent validity in a suit under Section 1498(a).

But a private party can do the same in an infringement suit under 35 U.S.C. 281.

As for *Fox*, this Court has previously recognized that the decision "merely adopted New York's construction of its Statute of Wills, as a matter of state law." *Pfizer*, 434 U.S. at 315 n.15 (distinguishing *Fox*). It did not purport to establish a "general rule" for the interpretation of federal statutes. "In fact, contemporaneous cases generally held that the sovereign was entitled to have the benefit of a statute extending a right to 'persons.'" *Ibid.* (citing *Dollar Sav. Bank*, *supra*; *Cotton*, *supra*; *Stanley*, *supra*).

2. Petitioner contends (Br. 35-42) that Congress could not have intended to authorize federal agencies to petition for post-issuance review because the AIA's estoppel provisions do not apply to the federal government in the same manner that they apply to private litigants. Those provisions estop a petitioner in an inter partes review or post-grant review "that results in a final written decision" from "request[ing] or maintain[ing] a proceeding before the [USPTO] with respect to that claim," or from "assert[ing] either in a civil action" in district court "or in a proceeding before the [ITC] * * * that the claim is invalid" on any ground that the petitioner "raised or reasonably could have raised" during the AIA review proceeding. See 35 U.S.C. 315(e) (inter partes review); 35 U.S.C. 325(e) (post-grant review). A petitioner in a CBM review is similarly estopped from raising in those fora any ground of invalidity that it actually raised during the administrative proceedings. AIA § 18(a)(1)(D), 125 Stat. 330.

Petitioner asserts that these estoppel provisions are the "foundation of the America Invents Act." Pet. Br.

36 (quoting Pet. App. 52a-53a (Newman, J., dissenting)). It observes (*id.* at 38) that the provisions do not apply by their terms to suits brought in the CFC, the only forum where the federal government may be sued for infringement. See 28 U.S.C. 1498(a). Petitioner contends (Br. 38) that allowing federal agencies to invoke the AIA's post-issuance review mechanisms, without being subject to the estoppel provisions that apply to other petitioners for post-issuance review, would introduce an asymmetry that Congress could not have intended. These provisions cannot bear the weight that petitioner places on them.

a. Petitioner overstates both the importance of the estoppel provisions to the AIA's new post-issuance review scheme and the advantage that federal agencies enjoy. As to the first point, Congress's principal focus in enacting the new post-issuance review provisions was to establish a robust and efficient scheme for eliminating poor-quality patents and obviating the need for expensive patent-infringement suits. See pp. 29-31, *supra*. There is no basis for viewing the expanded estoppel provisions as the cornerstone of that new process.

Petitioner also overstates the extent of the asymmetry that the court of appeals' decision will produce. The AIA's expanded estoppel provisions apply not only to district-court infringement suits, but also to further post-issuance proceedings before the USPTO. 35 U.S.C. 315(e)(1), 325(e)(1); see 2011 House Report 47 (identifying the addition of "'[r]easonably could have raised' estoppel" in "PTO proceeding[s]" as an important improvement to those proceedings). Those estoppel provisions apply to any petitioner for AIA review, including federal agencies.

Even in Section 1498(a) suits, moreover, the inapplicability of the AIA's estoppel provisions does not give the federal government a "free pass to relitigate its invalidity defenses in the Court of Federal Claims." Pet. Br. 38. As petitioner emphasizes (*id.* at 42-43), the federal government is sometimes subject to common-law estoppel. In particular, under principles of mutual collateral estoppel (*i.e.*, issue preclusion), "the Government may be estopped under certain circumstances from relitigating a question when the parties to the two lawsuits are the same." *United States* v. *Mendoza*, 464 U.S. 154, 163 (1984); see, *e.g.*, *United States* v. *Stauffer Chem. Co.*, 464 U.S. 165 (1984); *Montana* v. *United States*, 440 U.S. 147 (1979). This Court's recent decision in *B & B Hardware, Inc.* v. *Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015), strongly suggests that decisions of the PTAB would have preclusive effect where "the ordinary elements of issue preclusion are met." See *id.* at 1299 (holding that decisions of the USPTO's Trademark Trial and Appellate Board have such preclusive effect). And if those common-law estoppel rules would otherwise apply against the United States in suits brought under Section 1498(a), Congress's enactment of more stringent estoppel rules governing district-court suits would provide no basis for ignoring those common-law rules in the CFC.

b. To be sure, the common-law estoppel rules described above are somewhat more forgiving than the rules that will apply to private AIA post-issuance review petitioners that subsequently litigate infringement suits in district court. There is nothing anomalous, however, about subjecting federal agencies and private parties to different estoppel rules.

This Court has "long recognized that 'the Government is not in a position identical to that of a private litigant,'" and that principles of estoppel therefore do not apply equally against the United States. *Mendoza*, 464 U.S. at 159 (quoting *INS* v. *Hibi*, 414 U.S. 5, 8 (1973) (per curiam)); see also *OPM* v. *Richmond*, 496 U.S. 414, 419 (1990) ("[E]quitable estoppel will not lie against the Government as it lies against private litigants."). For a number of reasons, the government's litigation conduct "is apt to differ from that of a private litigant." *Mendoza*, 464 U.S. at 161. "Unlike a private litigant who generally does not forgo an appeal if he believes that he can prevail," for example, the federal government often "considers a variety of factors, such as the limited resources of the Government and the crowded dockets of the courts," before pursuing an appeal. *Ibid.* Policy concerns may also lead the Executive Branch to take "differing positions with respect to the resolution of a particular issue" at different times. *Ibid.* In light of these concerns, "courts should be careful when they seek to apply expanding rules of collateral estoppel to Government litigation." *Id.* at 161.

While mutual collateral estoppel applies to the federal government despite those concerns (see Pet. Br. 42), the AIA's estoppel rules are more "expan[sive]" (*Mendoza*, 464 U.S. at 161) than the estoppel rules to which the federal government is ordinarily subject. Collateral estoppel, for example, applies only to issues that were "actually litigated and determined" by a prior decision. Restatement (Second) of Judgments § 27 (1982). The AIA's estoppel provisions for inter partes and post-grant review, by contrast, apply to any invalidity ground that petitioner "raised or reasonably could have raised." 35 U.S.C. 315(e)(2), 325(e)(2). Common-law collateral

estoppel also is subject to exceptions where "special circumstances warrant[]," *Stauffer Chem. Co.*, 464 U.S. at 169, while on their face the AIA's estoppel provisions admit of no such exceptions. The same concerns that have led this Court to exercise caution in applying estoppel principles to the federal government may have led Congress to do the same.

Petitioner asserts (Br. 42) that common-law estoppel doctrine should not "delimit or inform the proper scope of *statutory* estoppel provisions." That assertion misses the point. There is no dispute here about the scope of the AIA's estoppel provisions in cases where they apply. It is likewise undisputed that, because those provisions refer specifically to suits brought in district court, they do not apply in infringement suits against the United States under Section 1498(a), which must be brought in the CFC. Rather, the contested question is whether that disparity is sufficiently "awkward" (*id.* at 39) (citation omitted) to warrant an inference that Congress intended to preclude federal agencies from invoking the post-issuance review mechanisms that the AIA made available to natural persons and to other artificial entities. For the reasons stated above, there is nothing unusual about a regime in which federal and non-federal entities are subject to somewhat different estoppel rules.

Petitioner's approach, by contrast, would produce much more severe asymmetries by denying federal agencies access to statutory mechanisms that are otherwise broadly available to persons who wish to challenge issued patents. Petitioner's approach would produce that result, moreover, even though patents *owned* by federal agencies are subject to post-issuance review at the behest of other parties. See p. 38, *supra*. Thus,

while petitioner could seek post-issuance review of a patent owned by the USPS or any other federal agency, it reads the AIA to preclude the Postal Service from exercising the same prerogative with respect to petitioner's own patent. The desire to avoid disuniform application of estoppel rules provides no sound reason to countenance that result.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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APPENDIX

1. 1 U.S.C. 1 provides in pertinent part:

Words denoting number, gender, and so forth

In determining the meaning of any Act of Congress, unless the context indicates otherwise—

* * * * *

the words "person" and "whoever" include corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals;

* * * * *

2. 28 U.S.C. 1498(a) provides:

Patent and copyright cases

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. Reasonable and entire compensation shall include the owner's reasonable costs, including reasonable fees for expert witnesses and attorneys, in pursuing the action if the owner is an independent inventor, a nonprofit organization, or an entity that had no more than 500 employees at any time during the 5-year period preceding the use or manufacture of the patented invention by or for the United

States. Nothwithstanding[1] the preceding sentences, unless the action has been pending for more than 10 years from the time of filing to the time that the owner applies for such costs and fees, reasonable and entire compensation shall not include such costs and fees if the court finds that the position of the United States was substantially justified or that special circumstances make an award unjust.

For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

The court shall not award compensation under this section if the claim is based on the use or manufacture by or for the United States of any article owned, leased, used by, or in the possession of the United States prior to July 1, 1918.

A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States, where the invention was related to the official functions of the employee, in cases in which such functions included research and

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[1] So in original. Probably should be "Notwithstanding".

development, or in the making of which Government time, materials or facilities were used.

3. 35 U.S.C. 102(a) and (b) provide:

Conditions for patentability; novelty

(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

(b) EXCEPTIONS.—

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

4. 35 U.S.C. 118 provides:

Filing by other than inventor

A person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for patent. A person who otherwise shows sufficient proprietary interest in the matter may make

an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. If the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.

5. 35 U.S.C. 119(a) (Supp. V 2017) provides:

Benefit of earlier filing date; right of priority

(a) An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, or in a WTO member country, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within 12 months from the earliest date on which such foreign application was filed. The Director may prescribe regulations, including the requirement for payment of the fee specified in section 41(a)(7), pursuant to which the 12-month period set forth in this subsection may be extended by an additional 2 months if the delay in filing the application in this country within the 12-month period was unintentional.

6. 35 U.S.C. 207 provides:

Domestic and foreign protection of federally owned inventions

(a) Each Federal agency is authorized to—

(1) apply for, obtain, and maintain patents or other forms of protection in the United States and in foreign countries on inventions in which the Federal Government owns a right, title, or interest;

(2) grant nonexclusive, exclusive, or partially exclusive licenses under federally owned inventions, royalty-free or for royalties or other consideration, and on such terms and conditions, including the grant to the licensee of the right of enforcement pursuant to the provisions of chapter 29 as determined appropriate in the public interest;

(3) undertake all other suitable and necessary steps to protect and administer rights to federally owned inventions on behalf of the Federal Government either directly or through contract, including acquiring rights for and administering royalties to the Federal Government in any invention, but only to the extent the party from whom the rights are acquired voluntarily enters into the transaction, to facilitate the licensing of a federally owned invention; and

(4) transfer custody and administration, in whole or in part, to another Federal agency, of the right, title, or interest in any federally owned invention.

(b) For the purpose of assuring the effective management of Government-owned inventions, the Secretary of Commerce is authorized to—

(1) assist Federal agency efforts to promote the licensing and utilization of Government-owned inventions;

(2) assist Federal agencies in seeking protection and maintaining inventions in foreign countries, including the payment of fees and costs connected therewith; and

(3) consult with and advise Federal agencies as to areas of science and technology research and development with potential for commercial utilization.

7. 35 U.S.C. 252 provides:

Effect of reissue

The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are substantially identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are substantially identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

A reissued patent shall not abridge or affect the right of any person or that person's successors in business who, prior to the grant of a reissue, made, purchased,

offered to sell, or used within the United States, or imported into the United States, anything patented by the reissued patent, to continue the use of, to offer to sell, or to sell to others to be used, offered for sale, or sold, the specific thing so made, purchased, offered for sale, used, or imported unless the making, using, offering for sale, or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use, offer for sale, or sale of the thing made, purchased, offered for sale, used, or imported as specified, or for the manufacture, use, offer for sale, or sale in the United States of which substantial preparation was made before the grant of the reissue, and the court may also provide for the continued practice of any process patented by the reissue that is practiced, or for the practice of which substantial preparation was made, before the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.

8. 35 U.S.C. 296(a) provides:

Liability of States, instrumentalities of States, and State officials for infringement of patents

(a) IN GENERAL.—Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity, shall not be immune, under the eleventh amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal

court by any person, including any governmental or non-governmental entity, for infringement of a patent under section 271, or for any other violation under this title.

9. 35 U.S.C. 301 provides:

Citation of prior art and written statements

(a) IN GENERAL.—Any person at any time may cite to the Office in writing—

(1) prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent; or

(2) statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.

(b) OFFICIAL FILE.—If the person citing prior art or written statements pursuant to subsection (a) explains in writing the pertinence and manner of applying the prior art or written statements to at least 1 claim of the patent, the citation of the prior art or written statements and the explanation thereof shall become a part of the official file of the patent.

(c) ADDITIONAL INFORMATION.—A party that submits a written statement pursuant to subsection (a)(2) shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the written statement.

(d) LIMITATIONS.—A written statement submitted pursuant to subsection (a)(2), and additional information submitted pursuant to subsection (c), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324. If any such written statement or additional information is subject to an applicable protective order, such statement or information shall be redacted to exclude information that is subject to that order.

(e) CONFIDENTIALITY.—Upon the written request of the person citing prior art or written statements pursuant to subsection (a), that person's identity shall be excluded from the patent file and kept confidential.

10. 35 U.S.C. 302 provides:

Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Director pursuant to the provisions of section 41. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Director promptly will send a copy of the request to the owner of record of the patent.

11. 35 U.S.C. 303 provides:

Determination of issue by Director

(a) Within three months following the filing of a request for reexamination under the provisions of section 302, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302. The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.

(b) A record of the Director's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Director pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Director may refund a portion of the reexamination fee required under section 302.

12. 35 U.S.C. 307 provides:

Certificate of patentability, unpatentability, and claim cancellation

(a) In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Director will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

(b) Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.

13. 35 U.S.C. 311 provides:

Inter partes review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the

review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

(b) SCOPE.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

(c) FILING DEADLINE.—A petition for inter partes review shall be filed after the later of either—

(1) the date that is 9 months after the grant of a patent; or

(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

14. 35 U.S.C. 313 provides:

Preliminary response to petition

If an inter partes review petition is filed under section 311, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

15. 35 U.S.C. 315 provides:

Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date

on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

16. 35 U.S.C. 317 provides:

Settlement

(a) IN GENERAL.—An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that inter partes review. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to

in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

17. 35 U.S.C. 318 provides:

Decisions of the Board

(a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes review under this chapter shall have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the length of time between the institution of, and the issuance of a final written decision under subsection (a) for, each inter partes review.

18. 35 U.S.C. 321 provides:

Post-grant review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the post-grant review.

(b) SCOPE.—A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under

paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

(c) FILING DEADLINE.—A petition for a postgrant review may only be filed not later than the date that is 9 months after the date of the grant of the patent or of the issuance of a reissue patent (as the case may be).

19. 35 U.S.C. 325 provides:

Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) POST-GRANT REVIEW BARRED BY CIVIL ACTION.—A post-grant review may not be instituted under this chapter if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for post-grant review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PRELIMINARY INJUNCTIONS.—If a civil action alleging infringement of a patent is filed within 3 months after the date on which the patent is granted, the court may not stay its consideration of the patent owner's motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed under this chapter or that such a post-grant review has been instituted under this chapter.

(c) JOINDER.—If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the institution of a post-grant review under section 324, the Director may consolidate such reviews into a single post-grant review.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

(f) REISSUE PATENTS.—A post-grant review may not be instituted under this chapter if the petition requests cancellation of a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued, and the time limitations in section 321(c) would bar filing a petition for a post-grant review for such original patent.

20. 35 U.S.C. 327 provides:

Settlement

(a) IN GENERAL.—A post-grant review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the post-grant review is terminated with respect to a petitioner under this section, no estoppel under section 325(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that post-grant review. If no petitioner remains in the post-grant review, the Office may terminate the post-grant review or proceed to a final written decision under section 328(a).

(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of a post-grant review under this section shall be in writing, and a true copy of such agreement or understanding shall be filed in the Office before the termination of the post-grant review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

21. 35 U.S.C. 328 provides:

Decision of the Board

(a) FINAL WRITTEN DECISION.—If a post-grant review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 326(d).

(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following a post-grant review under this chapter shall have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the length of time between the institution of, and the issuance of a

final written decision under subsection (a) for, each post-grant review.

22. 35 U.S.C. 311 (2000) provides:

Request for inter partes reexamination

(a) IN GENERAL.—Any person at any time may file a request for inter partes reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301.

(b) REQUIREMENTS.—The request shall—

(1) be in writing, include the identity of the real party in interest, and be accompanied by payment of an inter partes reexamination fee established by the Director under section 41; and

(2) set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.

(c) COPY.—Unless the requesting person is the owner of the patent, the Director promptly shall send a copy of the request to the owner of record of the patent.

23. 35 U.S.C. 312 (2000) provides:

Determination of issue by Director

(a) REEXAMINATION.—Not later than 3 months after the filing of a request for inter partes reexamination under section 311, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with

or without consideration of other patents or printed publications. On the Director's initiative, and at any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications.

(b) RECORD.—A record of the Director's determination under subsection (a) shall be placed in the official file of the patent, and a copy shall be promptly given or mailed to the owner of record of the patent and to the third-party requester, if any.

(c) FINAL DECISION.—A determination by the Director under subsection (a) shall be final and non-appealable. Upon a determination that no substantial new question of patentability has been raised, the Director may refund a portion of the inter partes reexamination fee required under section 311.

24. 35 U.S.C. 313 (2000) provides:

Inter partes reexamination order by Director

If, in a determination made under section 312(a), the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for inter partes reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the inter partes reexamination conducted in accordance with section 314.

25. 35 U.S.C. 315 (2000) provides:

Appeal

(a) PATENT OWNER.—The patent owner involved in an inter partes reexamination proceeding under this chapter—

(1) may appeal under the provisions of section 134 and may appeal under the provisions of sections 141 through 144, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent; and

(2) may be a party to any appeal taken by a third-party requester under subsection (b).

(b) THIRD-PARTY REQUESTER.—A third-party requester may—

(1) appeal under the provisions of section 134 with respect to any final decision favorable to the patentability of any original or proposed amended or new claim of the patent; or

(2) be a party to any appeal taken by the patent owner under the provisions of section 134, subject to subsection (c).

(c) CIVIL ACTION.—A third-party requester whose request for an inter partes reexamination results in an order under section 313 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, United States Code, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the inter

partes reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the inter partes reexamination proceedings.

26. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18, 125 Stat. 329-331 provides:

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS.

(a) TRANSITIONAL PROGRAM.—

(1) ESTABLISHMENT.—Not later than the date that is 1 year after the date of the enactment of this Act, the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a postgrant review under chapter 32 of title 35, United States Code, subject to the following:

(A) Section 321(c) of title 35, United States Code, and subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.

(B) A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been

sued for infringement of the patent or has been charged with infringement under that patent.

(C) A petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business method patent on a ground raised under section 102 or 103 of title 35, United States Code, as in effect on the day before the effective date set forth in section 3(n)(1), may support such ground only on the basis of—

(i) prior art that is described by section 102(a) of such title of such title (as in effect on the day before such effective date); or

(ii) prior art that—

(I) discloses the invention more than 1 year before the date of the application for patent in the United States; and

(II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure had been made by another before the invention thereof by the applicant for patent.

(D) The petitioner in a transitional proceeding that results in a final written decision under section 328(a) of title 35, United States Code, with respect to a claim in a covered business method patent, or the petitioner's real party in interest, may not assert, either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before the

International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), that the claim is invalid on any ground that the petitioner raised during that transitional proceeding.

(E) The Director may institute a transitional proceeding only for a patent that is a covered business method patent.

(2) EFFECTIVE DATE.—The regulations issued under paragraph (1) shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any covered business method patent issued before, on, or after that effective date, except that the regulations shall not apply to a patent described in section 6(f)(2)(A) of this Act during the period in which a petition for post-grant review of that patent would satisfy the requirements of section 321(c) of title 35, United States Code.

(3) SUNSET.—

(A) IN GENERAL.—This subsection, and the regulations issued under this subsection, are repealed effective upon the expiration of the 8-year period beginning on the date that the regulations issued under to paragraph (1) take effect.

(B) APPLICABILITY.—Notwithstanding subparagraph (A), this subsection and the regulations issued under this subsection shall continue to apply, after the date of the repeal under subparagraph (A), to any petition for a transitional proceeding that is filed before the date of such repeal.

(b) REQUEST FOR STAY.—

(1) IN GENERAL.—If a party seeks a stay of a civil action alleging infringement of a patent under section 281 of title 35, United States Code, relating to a transitional proceeding for that patent, the court shall decide whether to enter a stay based on—

(A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;

(B) whether discovery is complete and whether a trial date has been set;

(C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and

(D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.

(2) REVIEW.—A party may take an immediate interlocutory appeal from a district court's decision under paragraph (1). The United States Court of Appeals for the Federal Circuit shall review the district court's decision to ensure consistent application of established precedent, and such review may be de novo.

(c) ATM EXEMPTION FOR VENUE PURPOSES.—In an action for infringement under section 281 of title 35, United States Code, of a covered business method patent, an automated teller machine shall not be deemed to be a regular and established place of business for purposes of section 1400(b) of title 28, United States Code.

(d) DEFINITION.—

(1) IN GENERAL.—For purposes of this section, the term "covered business method patent" means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

(2) REGULATIONS.—To assist in implementing the transitional proceeding authorized by this subsection, the Director shall issue regulations for determining whether a patent is for a technological invention.

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as amending or interpreting categories of patent-eligible subject matter set forth under section 101 of title 35, United States Code.